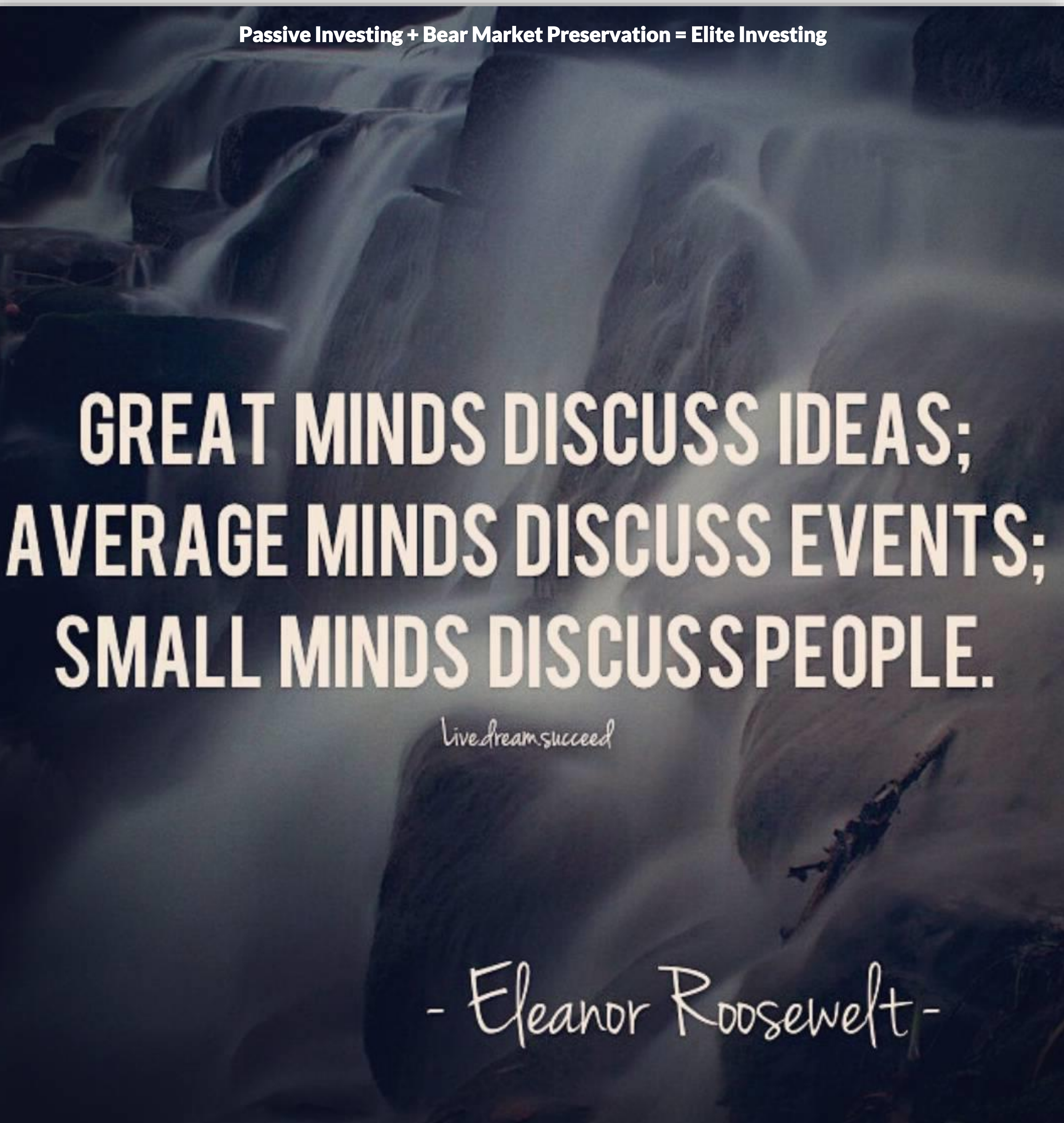
Brilliant Minds Think Alike



Brilliant Minds Think Alike

"Vast quantitative investment research has been completed by brilliant minds. Investors would be remiss to ignore it and not profit by making gains while markets rise and preserving wealth while markets decline. Both professional and amateur investors agree and enjoy our subscriptions."

Livio S. Nespoli, InterAnalyst Founder

"It is difficult to get a man to understand something when his salary depends upon his not understanding it." - Upton Sinclair regarding investment advisors, (1935)

"Just as they did with subprime mortgage-backed securities, Wall Street banks are transferring wealth from their clients to their trading desks." Peter Robison, Asjylyn Loder, and Alan Bjerga, Amber Waves of Pain, BusinessWeek July 22, 2010

"Wall Street's favorite scam is pretending luck is skill." - Ron Ross, Ph. D. Economist - The Unbeatable Market, 2002

"Empirical evidence provides no support for the claim that active management of small-cap portfolios is more fruitful than it is for large-cap portfolios." - Richard M. Ennis, the Small-Cap-Alpha Myth

"In investing, what is comfortable is rarely profitable." Robert Arnott, Investment Manager

"Most people are beaten up by the market, instead of beating the market." Mark T. Hebner, President of Index Fund Advisors

Surprise! The returns reported by mutual funds aren't actually earned by mutual fund investors." John C. Bogle,

"Wall Street is littered with the bones of those who knew just what to do, but could not bring themselves to do it." William Bernstein, The Investor's Manifesto, Preparing for Prosperity, Armageddon, and Everything in Between

"No one in his right mind would walk into the cockpit of an airplane and try to fly it, or into an operating theater and open a belly. And yet they think nothing of managing their retirement assets. I've done all three, and I'm here to tell you that managing money is, in its most critical elements even more demanding than the first two." William Bernstein, July/August Journal of Indexes

"Forsake search for needles that are so very small in haystacks that are so very large." Paul Samuelson, "The Judgment of Economic Science on Rational Portfolio Management Indexing, Timing, and Long–Horizon Effects." The Journal of Portfolio Management 16, no. 1 (Fall 1989)

"I have been a stockbroker for 5 yrs and have made people money, but I always lose it in the end. I have taken huge risks with my clients, I have lost millions, but I am tired of looking for new clients." Anonymous Stock Broker 2001, Sept.

"If there's 10,000 people looking at the stocks and trying to pick winners, one in 10,000 is going to score, by chance alone, a great coup, and that's all that's going on. It's a game, it's a chance operation, and people think they are doing something purposeful, but they're really not." Miller, Merton Nobel Laureate and Professor of Economics, Univ. of Chicago. Transcript of the PBS Nova Special, The Trillion Dollar Bet 2000

"The economists arrived at a devastating conclusion: it seemed just as plausible to attribute the success of top traders to sheer luck, rather than skill." Transcript of the PBS Nova Special, The Trillion Dollar Bet 2000

“There are three kinds of investment risk. Two can be virtually eliminated. The third, market risk, must be managed.” Charles Ellis, Winning the Loser's Game

"We need a mutual fund industry with both vision and values; a vision of fiduciary duty and shareholder service, and values rooted in the proven principles of long-term investing and of trusteeship that demands integrity in serving our clients." John C. Bogle, The Book Enough

"So who still believes markets don't work? Apparently it is only the North Koreans, the Cubans and the active managers." Rex Sinquefield, co-founder and board member Dimensional Fund Advisors

"The investor's chief problem - and even his worst enemy - is likely to be himself " Graham, Benjamin. "Security Analysis". New York: McGraw-Hill Companies, 1934

"Most investors are pretty smart. Yet most investors also remain heavily invested in actively managed stock funds. This is puzzling. The temptation, of course, is to dismiss these folks as ignorant fools. But I suspect these folks know the odds are stacked against them, and yet they are more than happy to take their chances." Clements, Jonathan. Wall Street Journal (New York), February 27, 2001.

"Properly measured, the average actively managed dollar must underperform the average passively managed dollar, net of costs. Empirical analyses that appear to refute this principle are guilty of improper measurement." William F. Sharpe, Nobel Laureate in Economics, 1990

"The results of this study are not good news for investors who purchase actively managed mutual funds. No investment style generates positive abnormal returns over the 1965-1998 sample period. The sample includes 4,686 funds covering 26,564 fund- years." Davis, James L., Mutual Fund Performance and Manger Style, Financial Analysts Journal 57 – 2001.

"The deeper one delves, the worse things look for actively managed funds." Bernstein, William, The Intelligent Asset Allocator 2001

"The sheer magnitude of the difference we discovered between the total returns earned by funds and the results captured by the average shareholder is shocking and tragic." Charles Trzcinka, Professor of Finance, Indiana University June 2002.

"Most investors, both institutional and individual, will find that the best way to own common stocks is through an index fund that charges minimal fees. Those following this path are sure to beat the net results of the great majority of investment professionals." Warren Buffet 1996

"Rather than making money, 240 pension funds lost about 0.5% per year on average, over the last five years through their active management activities." The Ambachtsheer Letter 1998, Sept. 28,

"The neural activity of someone whose investments are making money is indistinguishable from that of someone who is high on cocaine or morphine" Jason Zweig, Your Money & Your Brain 2007

"Wall Street, with its army of brokers, analysts, and advisers funneling trillions of dollars into mutual funds, hedge funds, and private equity funds, is an elaborate fraud." Michael Lewis, Conde Nast Portfolio, The Evolution of an Investor, December 2007

"It's not that stock prices are capricious. It's that the news is capricious." Burton Malkiel, Princeton Professor of Economics and author of A Random Walk Down Wall Street

"Index funds have regularly produced rates of return exceeding those of active managers by close to 2 percentage points. Active management as a whole cannot achieve gross returns exceeding the market as a while and therefore they must, on average, underperform the indexes by the amount of these expense and transaction costs disadvantages." Burton G. Malkiel 2007

"People ought to recognize that the average fund can never outperform the market in total." Jon Fossel,

"It's fun to play around...it's human nature to try to select the right horse...(But) for the average person, I'm more of an indexer...The predictability is so high...For 10, 15, 20 years you'll be in the 85th percentile of performance. Why would you screw it up?" Charles Schwab

"Even fans of actively managed funds often concede that most other investors would be better off in index funds. But buoyed by abundant self-confidence, these folks aren't about to give up on actively managed funds themselves. A tad delusional? I think so. Picking the best-performing funds is 'like trying to predict the dice before you roll them down the craps table' I can't do it. The public can't do it.' Paul Samuelson

"It is not easy to get rich in Las Vegas, at Churchill Downs or at the local Merrill Lynch office." Samuelson, Paul A. , Massachusetts Institute of Technology, Economist, Nobel Laureate in Economics 1970

"One can resist the invasion of armies, but not the invasion of ideas." Victor Hugo, French Poet (1802-1885)

"It is remarkable that a science which began with the consideration of games of chance should have become the most important object of human knowledge." Marquis de Laplace, Theorie Analytique des Probabilities 1812

"If there's 10,000 people looking at the stocks and trying to pick winners, one in 10,000 is going to score, by chance alone, a great coup, and that's all that's going on. It's a game, it's a chance operation, and people think they are doing something purposeful but they're really not." Merton Miller Nobel Laureate and Professor of Economics, University of Chicago,

"When it comes to fund managers, this year's hero usually turns into next year's zero." William Bernstein, The Investor Manifesto: Preparing for Prosperity, Armageddon and Everything In Between

"When you're underperforming the index, you go home at night and cry in your beer," he said, adding: "It's not fun, but who said this business should be fun. We're too well paid to hang our heads and say boo hoo." Bill Gross, Dan McCrum, Financial Times August 29, 2011

"Mutual funds have failed to manage their realized capital gains in such a way as to permit a substantial deferral of taxes (raising) investors' tax bills considerably ....If the Vanguard 500 Index fund could have deferred all of its realized capital gains, it would have ended up in the 91.8 percentile for the high tax investor" [i.e., it outpaced 92 percent of all managed equity funds] Joel M. Dickson 2007

"It's human nature to find patterns where there are none and to find skill where luck is a more likely explanation (particularly if you're the lucky [mutual fund] manager)." Mutual fund manager performance does not persist and the return of stock picking is zero." Bernstein, William 2001

"It's just not true that you can't beat the market. Every year about one-third of the fund managers do it. Of course, each year it is a different group." Stovall, Robert, Investment Manager ABC 20/20 Interview "Who Needs the Experts" 1992

The house [casino] takes a cut on each spin of the wheel, paying out less in winnings than it collects in bets. So roulette is a negative- sum game, and so is your non-index mutual fund [actively managed fund]. Meir Statman. Odds say you can't beat index funds, MoneyCentral Investing May 29, 2001

"Investment managers sell for the price of a Picasso [what] routinely turns out to be paint-by-number sofa art." Dunn, Patricia C., CEO, Barclays Global Advisors, CEO of world's largest money management firm, approximately $1 trillion of assets under management, 80% indexed 2001

"After taking risk into account, do more managers than you'd see by chance outperform with persistence? Virtually every economist who studied this question answers with a resounding "no." Mike Jensen in the Sixties and Mark Carhart in the Nineties both conducted exhaustive studies of professional investors. They each conclude that in general, a manager's fee, and not his skill, plays the biggest role in performance." Fama, Jr, Eugene

"99% of fund managers demonstrate no evidence of skill whatsoever." Bernstein, William 2001

"It's amazing how difficult it is for a man to understand something if he's paid a small fortune not to understand it." John C. Bogle, The Little Book of Common Sense Investing 2007

"Having been an idealistic young sales-oriented fellow I became a licensed stockbroker for one of Wall Street's most prestigious firms in the late 60s. I learned very quickly that to succeed I had to "sell my soul", and to be more than moderately successful I had to follow the boss' program and to sell exactly what the boss wants sold - - it was "the hell with the client". ... kudos for having the intestinal fortitude at PORTFOLIO [magazine] to speak out about the 'sacred cows' that graze along Wall Street!" Peter Magurean III The Evolution of an Investor, Conde Nast Portfolio.com - Reader Comments, Nov. 20, 2007

Nobody knows which company will prove a good long-term investment. Even Buffett's genius lies more in running businesses than in picking stocks. But in the investing world, that is ignored. Wall Street, with its army of brokers, analysts, and advisers funneling trillions of dollars into mutual funds, hedge funds and private equity funds, is an elaborate fraud." Michael Lewis "The Evolution of an Investor", Conde Naste Portfolio, December 2007

“If your fund doesn't last for the long term, how can you invest for the long term?" Note: over 36 years, 80% of the original 355 funds went out of existence. John C. Bogle 2007

"It's hard to find ideas that aren't picked over and harder to get real returns and differentiate yourself. We are entering a new environment. The days of big returns are gone." Steven Cohen, Founder of Hedge Fund SAC Capital Advisors, The Wall Street Journal September 16, 2006

“A minuscule 4 percent of funds produce market-beating after-tax results with a scant 0.6 percent (annual) margin of gain. The 96 percent of funds that fail to meet or beat the S&P 500 Index Fund lose by a wealth-destroying margin of 4.8 percent per annum." David Swensen,

"Will customers keep supporting the enormous overhead required to sustain ineffectual, unproductive stock picking across an array of thousands of individual funds devoted to every investing 'style' and economic sector or regional subgroup that some marketing idiot can dream up? Not likely. A brutal shakeout is coming and one of its revelations will be that stock picking is a grossly overrated piece of the puzzle that cost control is what distinguishes a competitive firm form an uncompetitive one." Holman Jenkins, Jr.

"After a lifetime of picking stocks, I have to admit that arguments in favor of the index fund have me thinking. Wisdom and common sense [are] indispensable...for anyone trying to figure out how to invest in this crazy stock market." James J. Cramer

"Investors should remember that excitement and expenses are their enemies. And if they insist on trying to time their participation in equities, they should try to be fearful when others are greedy and greedy when others are fearful." Warren Buffett, 2004 Annual Report of Berkshire Hathaway

"By day we write about "Six Funds to Buy NOW!"... By night, we invest in sensible index funds and attempt to avoid large declines. Unfortunately, pro-index fund stories don't sell magazines." Anonymous Fortune Magazine Writer, Fortune, April 26, 1999

"Our system works. Over time, people will live better and better. We have a system that unleashes human potential, and now China has a system that unleashes human potential. We will have interruptions. We overshoot and undershoot sometimes, but your kids and grandkids will live better than you. Over time, we move ahead at a pretty damn rapid rate." Warren Buffett 2009 Berkshire Hathaway shareholders meeting

Millions of mutual-fund investors sleep well at night, serene in the belief that superior outcomes result from pooling funds with like- minded investors and engaging high-quality investment managers to provide professional insight. The conventional wisdom ends up hopelessly unwise, as evidence shows an overwhelming rate of failure by mutual funds to deliver on promises. David F. Swenson A Fundamental Approach to Personal Investment

"Once in the dear dead days beyond recall, an out-of-town visitor was being shown the wonders of the New York financial district. When the party arrived at the Battery, one of his guides indicated some handsome ships riding at anchor. He said, 'Look, those are the bankers' and brokers' yachts.' 'Where are the customers' yachts?' asked the naive visitor." Fred Schwed Jr. Where Are the Customers Yachts?

"Toss a coin; heads and the manager will make $10,000 over the year, tails and he will lose $10,000. We run [the contest] for the first year [for 10,000 managers]. At the end of the year, we expect 5,000 managers to be up $10,000 each, and 5,000 to be down $10,000. Now we run the game a second year. Again, we can expect 2,500 managers to be up two years in a row; another year, 1,250; a fourth one, 625; a fifth, 313. We have now, simply in a fair game, 313 managers who made money for five years in a row. [And in 10 years, just 10 of the original 10,000 managers.] Out of pure luck... A population entirely composed of bad managers will produce a small amount of great track records.... The number of managers with great track records in a given market depends far more on the number of people. Nassim Nicholas Taleb 2007

"Most fund managers don't beat the S&P 500. Or if they do, very few can keep doing it for long spells. When bear markets wreak their periodic havoc, even fewer funds remain moneymakers." 2002 Mutual Funds Guide Forbes Magazine Feb. 4, 2002

"Contrary to their oft articulated goal of outperforming the market averages, investment managers are not beating the market; the market is beating them." Charles D. Ellis the Financial Analysts Journal July-Aug 1975

"We think that diversification as practiced generally makes very little sense to anyone who knows what they are doing. So the first rule is to avoid losses. And the second rule is not to forget the first rule." Warren Buffett

"It has been my experience that competency in mathematics, both in numerical manipulations and in understanding its conceptual foundations, enhances a person's ability to handle the more ambiguous and qualitative relationships that dominate our day-to-day financial decision-making." Alan Greenspan

People exaggerate their own skills. They are overoptimistic about their prospects and overconfident about their guesses, including which [investment] managers to pick. Professor Richard Thaler, University of Chicago 2001

"... skepticism about past returns is crucial. The truth is, much as you may wish you could know which funds will be hot, you can't -- and neither can the legions of advisers and publications that claim they can. That's why building a portfolio around index funds isn't really settling for average. It's just refusing to believe in magic." McLean, Bethany "The Skeptic's Guide to Mutual Funds," Fortune Magazine, March 15, 1999.

"Santa Claus and the Easter Bunny should take a few pointers from the mutual-fund industry fund managers. All three are trying to pull off elaborate hoaxes. But while Santa and the bunny suffer the derision of eight year olds everywhere, actively-managed stock funds still have an ardent following among otherwise clear-thinking adults. This continued loyalty amazes me. Reams of statistics prove that most of the fund industry's stock pickers fail to beat the market." Jonathan Clements, "Only Fools Fall in Love With Managed Funds?" Wall Street Journal September 15, 2002.

"You will almost never find a fund manager who can repeatedly beat the market. It is better to invest in an indexed fund that promises a market return but with significantly lower fees." The Economist, July 3, 2003, "The Blame Game" John C. Bogle, The Little Book on Common Sense Investing

"A vast industry of stockbrokers, financial planners, and investment advisers skims a fortune for themselves off the top in exchange for passing their clients' money on to people who, as a whole, cannot possibly outperform the market." Michael Lewis "The Evolution of an Investor", Conde Naste Portfolio, December 2007

"If the data do not prove that indexing wins, well, the data are wrong." John C. Bogle

"A miniscule 4 percent of funds produce market-beating after-tax results with a scant 0.6 percent (annual) margin of gain. The 96 percent of funds that fail to meet or beat the Vanguard 500 Index Fund lose by a wealth-destroying margin of 4.8% per annum." David Swensen, chief investment officer, Yale University Endowment Fund

"Nothing highlights better the continuing gap between rhetoric and substance in British financial services than the failure of providers here to emulate index fund success in the United States. Every professional in the City knows that index funds should be core building blocks in any long-term investor's portfolio. Since 1976, the Vanguard index funds have produced a compound annual return of 12 percent, better than three-quarters of its peer group. Yet, even 30 years on, ignorance and professional omerta still stand in the way of more investors enjoying the fruits of this unsung hero of the investment world." Jonathon Davis, columnist for London's "The Spectator"

"The investment business is a giant scam. Most people think they can find managers who can outperform, but most people are wrong. I will say that 85 to 90 percent of managers fail to match their benchmarks. Because managers have fees and incur transaction costs, you know that in the aggregate they are deleting value." Jack R. Meyer

"Experience conclusively shows that index-fund buyers are likely to obtain results exceeding those of the typical fund manager, whose large advisory fees and substantial portfolio turnover tend to reduce investment yields. Many people will find the guarantee of playing the stock-market game at par every round a very attractive one. The index fund is a sensible, serviceable method for obtaining the market's rate of return with absolutely no effort and minimal expense." Burton G. Malkiel

"I don't try to be clever at all. The idea that I could see what no one else can is an illusion." Daniel Kahneman

"In every mutual fund prospectus, in every sales promotional folder, and in every mutual fund advertisement (albeit in print almost too small to read), the following warning appears: "Past performance is no guarantee of future results." Believe it!" Paul Samuelson

"The number of managers with great track records in a given market depends far more on the number of people who started in the investment business (in place of going to dental school), rather than on their ability to produce profits." Nassim Nicholas Taleb

"Buying funds based purely on their past performance is one of the stupidest things an investor can do." Jason Zweig

"One thing is clear: Style drift happens to a sizable percentage of mutual funds...For [investors or] planners seeking to create portfolios tapping into consistently different equity styles, style drift presents a significant concern." Craig L. Israelsen, Ph.D. Drift Happens, Financial Planning Interactive Nov. 1999

"It's amazing how difficult it is for a man to understand something if he's paid a small fortune not to understand it." John C. Bogle 2007

“ The mutual fund industry is a colossal failure... resulting from its systematic exploitation of individual investors...as funds extract enormous sums from investors in exchange for providing a shocking disservice..... Excessive management fees take their toll, and (manager) profits dominate fiduciary responsibility." David Swensen

"The greatest Enemies of the Equity investor are Expenses and Emotions." Warren Buffett

"Index funds are...tax friendly, allowing investors to defer the realization of capital gains or avoid them completely if the shares are later bequeathed. To the extent that the long-run uptrend in stock prices continues, switching from security to security involves realizing capital gains that are subject to tax. Taxes are a crucially important financial consideration because the earlier realization of capital gains will substantially reduce net returns. Index funds do not trade from security to security and, thus, they tend to avoid capital gains taxes." Burton G. Malkiel

"For the markets in total, the amount of value added, or alpha, must sum to zero. One person's positive alpha s someone else’s negative alpha. Collectively, for the institutional, mutual fund, and private banking arenas, the aggregate alpha return will be zero or negative after transaction costs. Aggregate fees for the active managers should thus be, at most, the fees associated with passive management. Yet, these fees are several times larger than fees that would be associated with passive management. This illogical conundrum will ultimately have to end." Gary P. Brinson

"The general systems of money management [today] require people to pretend to do something they can't do and like something they don't. [It's] a funny business because on a net basis, the whole investment management business together gives no value added to all buyers combined. That's the way it has to work. Mutual funds charge two percent per year and then brokers switch people between funds, costing another three to four percentage points. The poor guy in the general public is getting a terrible product from the professionals. I think it's disgusting. It's much better to be part of a system that delivers value to the people who buy the product." John C. Bogle

"Most active mutual funds are more interested in collecting fees than in boosting returns for investors." David Swensen, January 31, 2012

"It is very hard, if not impossible," he wrote in his study, "to justify active management for most individual, tax able investors, if their goal is to grow wealth." And he said that those who still insist on an actively managed fund are almost certainly "deluding themselves." Mark Hulbert February 21, 2009

"For most investors, tax loss harvesting is one of the most important ways to reduce tax liability now and in the future." Mark T. Hebner

"Fiduciaries should strongly consider index funds as an alternative to actively managed funds. Index funds incur about 80% les in transaction costs than actively managed funds…long-term returns for actively managed funds trail their respective indexes." Michael C. Keenan The Elephant in the Living Room, May 2008

It is difficult to get a man to understand something when his salary depends upon his not understanding it. Upton Sinclair, How I Got Licked

“The typical fund company services [401k plan] participants in the same way that Baby Face Nelson serviced banks.” William Bernstein, “The 401(k) is likely to turn out to be a defined-chaos retirement plan.”

"The probable is what usually happens." Warren Weaver, Lady Luck, The Theory of Probability 1963

"Some investments do have higher expected returns than others. Which ones? Well, by and large they're the ones that will do the worst in bad times." William F. Sharpe, Nobel Laureate in Economics, 1990, Stanford Professor of Economics, as quoted in Money Magazine's July, 2007 issue

"Index funds eliminate the risks of individual stocks, market sectors, and manager selection. Only stock market risk remains." John C. Bogle 2007

"The average long-term experience in investing is never surprising, but the short term experience is always surprising. We now know to focus not on rate of return, but on the informed management of risk." Charles Ellis 1985

When asked what he considered man's greatest discovery, Albert Einstein replied without hesitation: "Compound interest!" Charles Ellis 1985

"Odds are you don't know what the odds are." Gary Belsky and Thomas Gilovich 2000

"In investing, what is comfortable is rarely profitable." Robert Arnott, Chariman, Research Affiliates

"Chance favors the prepared mind." Louis Pasteur (1822 - 1895)

"One of the most striking and fundamental things about probability theory is that it leads to an understanding of the otherwise strange fact that events which are individually capricious and unpredictable can, when treated en masse, lead to very stable average performances." Warren Weaver, Lady Luck, the theory of probability 1963

"It takes between 20 and 800 years of monitoring performance to statistically prove that a money manager is skillful rather than lucky - which is a lot more than most people have in mind when they say 'long-term' [track record]." Ted Aronson, "Confessions of a Fund Pro", Money, Feb 1999, pp. 73-75. 1999

"The only new thing in the world is the history you don't know." Harry S. Truman

"Those who are ignorant of investment history are bound to repeat it. Historical investment returns and risks of various asset classes should be studied. Investment results for an asset over a long enough period (greater than 20 years) are a good guide to the future returns and risks of that asset. Further, it should be possible to approximate the future long-term return and risk of a portfolio consisting of such assets." William Bernstein 2001

"The four most dangerous words in investing are, it's different this time." Sir John Templeton, 2002

"I know of no way of judging the future but by the past." Patrick Henry March 23, 1775

"Investing is a strange business. It's the only one we know of where the more expensive the products get, the more customers want to buy them." Anthony M. Gallea, William Patalon III, Contrarian Investing

"History doesn't repeat itself, but it rhymes." Mark Twain

"Assuming that the future is like the past, you can outperform 80 percent of your fellow investors over the next several decades by investing in an index fund—and doing nothing else. [But] acquire the discipline to do something even better: become a long-term index fund investor." Mark Hulbert

"The investor who permits himself to be stampeded or unduly worried by unjustified market declines in his holdings is perversely transforming his basic advantage into a basic disadvantage." Benjamin Graham

"Historically, the stock market is like a gambling casino with the odds in your favor. Over the long pull, stocks are given something like nine and a half to ten percent compounded per year. The banks have probably given you something in the order of four to five." Burton G. Malkiel 20/20 Interview with John Stossel, November 27, 1992

"The only thing new in this world is the history you don't know." Harry S. Truman 33rd President of the United States

I think the most important factor in getting out of the recession actually is just the regenerative capacity of American capitalism. And we had many recessions in the history of this country when nobody even heard of fiscal policy or monetary policy. The country always comes back. Warren Buffett, CNBC's Squawk Box 9/23/2010

"History shows that in the long run a thoughtfully designed, diversified strategy of "passive" funds typically beats all but a few active managers. It's not easy to structure and maintain such a strategy. It requires some initial research and discipline to stay the course. But it's much easier than predicting which active managers will randomly beat this approach." Eugene Fama, Jr.

"We can extrapolate from the study that for the long term individual investor who maintains a consistent asset allocation and leans toward index funds, asset allocation determines about 100% of performance." Roger Ibbotson, Ibbotson Associates 2001

"It's bad enough that you have to take market risk. Only a fool takes on the additional risk of doing yet more damage by failing to diversify properly with his or her nest egg. Avoid the problem—buy a well-run index fund and own the whole market." William Bernstein

"Investors acquiring commodity futures in expectations of higher returns, lower risk, and improved inflation protection are making bets. Current evidence indicates that the odds are against them." Truman A. Clark, former professor of finance, University of Southern California, Commodity Futures in Portfolios

"Insanity: doing the same thing over and over again and expecting different results." Albert Einstein Definition of Insanity

Wall Street people learn nothing and forget everything. Most of the time common stocks are subject to irrational and excessive price fluctuations in both directions as the consequence of the ingrained tendency of most people to speculate or gamble... to give way to hope, fear and greed. The individual investor should act consistently as an investor and not as a speculator. This means that he should be able to justify every purchase he makes and each price he pays by impersonal, objective reasoning that satisfies him that he is getting more than his money's worth for his purchase. I am no longer an advocate of security analysis in order to find superior value opportunities. Benjamin Graham

“When I'm bearish and I sell a stock, each sale must be at a lower level than the previous sale. When I am buying, the reverse is true. I must buy on a rising scale. I never hesitate to tell a man that I am bullish or bearish. But I do not tell people to buy or sell any particular stock. In a bear market all stocks go down and in a bull market they go up.” Jesse Livermore

“I have a problem with too much money. I can't reinvest it fast enough, and because I reinvest it, more money comes in. Yes, the rich do get richer. We go to school to learn to work hard for money. I write books and create products that teach people how to have money work hard for them.” Robert Kiyosaki

“Bull markets are born on pessimism grows on skepticism, mature on optimism, and die on euphoria. The time of maximum pessimism is the best time to buy, and the time of maximum optimism is the best time to sell. If you want to have a better performance than the crowd, you must do things differently from the crowd.” John Templeton

"An investment in knowledge pays the most interest." Benjamin Franklin